

Operation & Maintenance Funding AND The Art of Readiness

by Colonel Andy Sherbo

...We don't talk about winning football games, we talk about preparation for the games...The work is done during the week to give you the opportunity to have success on Sunday...

—Mike Shanahan
Head Coach, Denver Broncos
Before Super Bowl XXXII
23 January 1998

Winning is built on hard work and long hours of preparation. A football game has sixty minutes of action, but the preparation far exceeds the actual time of the game. Preparation for combat is no different, with the added challenge: there is no second place in battle or war. Military training, exercises, and overall preparation may seem rather dull, monotonous events; however, when the battle begins, the events are anything but dull, and the fog and friction of war reward the best prepared players. Military preparedness is measured and described in levels of readiness.

The concept of Readiness which we use to define how well prepared we are to prosecute a war can be broken into big “R” and little “r”. Big “R” is military capability; the ability to achieve a specified wartime objective (win a war or battle, destroy a target set). It includes four major components: force structure, modernization, operational readiness, and sustainability. Little “r” is operational readiness; the ability of forces, units, weapons systems, or equipment to deliver the outputs for which they were designed (includes the ability to deploy and employ without unacceptable delays) (Joint Pub 1-02).

This article discusses readiness, funding readiness, and the key role financial managers play. It first discusses the readiness equation and its elements. The article then turns to the current readiness indicators we use to determine readiness levels. Next, the relationship between funding and readiness is explored and then selected current readiness data is reviewed. The article concludes with the important role the comptroller plays throughout the entire readiness process.

The Readiness Equation

Military readiness can be defined as the sum of five key building blocks.

Readiness = People + Equipment + Training + Logistics + Financial Resources

There is no doubt people always have been and always will be the foundation of readiness. Financial resources, on the other hand, are clearly the common denominator to all the elements of readiness. No money means no people, no money means no equipment, etc. This poses a real challenge for financial managers. We have to be involved in all aspects of the readiness equation at every level from wing to HQ USAF. If we ignore one aspect (e.g., logistics), then we ignore all as readiness is measured at the lowest level of the denominator, not the average. For example, funding logistics but not personnel means a lot of spare parts available at a wing but nobody to put the parts on the aircraft. Striking the proper funding balance between all the building blocks is not easy, especially during a period of constrained budgets. The readiness equation depends on the proper allocation of scarce resources.

Readiness Indicators

Today, being ready does not have a scientific measurement. Work continues toward that end, but no solution exists yet. In the end, it is largely the commander's judgment call. This makes readiness more an art than science. However, we do have various means to help commanders judge the level of readiness of a particular unit. The five listed below are representative:

- ☞ Operational Readiness Evaluation (Wing Level)
- ☞ Command Level Readiness Inspections (e.g. MAJCOM/IG)
- ☞ Exercise Performance
 - Service (Red Flag, etc.)
 - Joint (Ulchi Focus Lens, etc.)
- ☞ Status of Resources and Training System (SORTS), (C-Ratings)
 - People
 - Training
 - Equipment
- ☞ Real World Operations and Daily Training

Most of us recognize the SORTS C-Ratings process, but there is much more to readiness than just SORTS. We must factor in the results of an Operational Readiness Inspection (ORI) or how well a unit performed in a JCS exercise as these are also good readiness indicators. There is no simple way to add all these up and calculate the overall readiness percentage, because no one fully understands the relationship among all the variables. Take mission capable rates, for example. They are quantifiable but the yes/no answer to the question, Are we ready? still requires a very subjective answer. It depends on several factors such as sorties required, war reserve stocks, etc. Readiness is obviously important but we continue to struggle with its measurement. Readiness is a complex combination of diverse elements and processes, many cannot be predicted with certainty. One thing is certain, we will need funding!

Funding and Readiness

The Operation & Maintenance Appropriation provides for the readiness of U.S. Forces.

—House Appropriations Committee Report, 1998 Def Appn Bill

We know readiness is important. We know funding in the areas of military personnel and operation and maintenance contribute to readiness. What we don't always know is the precise relationship between the level of funding and the level of readiness. Does a five percent increase in flying hour funding make us more ready and if so, by how much? Do increases in compensation or incentive pay contribute to readiness? Or if we decrease funding by five percent in Real Property Maintenance (RPM), are we less ready and if so, by how much? These are very good questions but the answers are elusive. We "think" five percent less funding in RPM hurts readiness and we "think" increased compensation and five percent more in flying hours helps readiness, but we cannot quantify the impact. This is frustrating and it makes the task of balancing funds between the building blocks in our readiness equation a very difficult task. This is where the judgment of the financial manager plays a key, critical role, as we have a broader view of the picture than a functional advocate. Ours is a task of providing decision-makers with the best analysis we can produce to help distribute scarce funds among the competing priorities.

Role of the Comptroller

In recent years, the gap between mission requirements and mission funding has grown. Despite the prospect of a Federal budget surplus in FY99 and future years, defense spending in O&M will probably remain relatively flat. At the same time, it appears we will have a long-term commitment to Southwest Asia and other

contingency operations. This situation poses several challenges for the comptroller community, over and above our role as stewards of public funds.

- Maintain readiness despite no real growth in O&M funds, by orchestrating the funding process to ensure the unfunded requirements most critical to readiness are funded first.
- Maintain readiness through flexibility in the execution of O&M funds despite restrictions (e.g., Sub-Activity Group limitations on where the money is spent).

Today's Readiness

Now that we've covered the theory of readiness, we need to examine the state of readiness in today's Air Force. Overall readiness is at historic levels with 91 percent of all Air Force units reporting C-1 or C-2. We are however, beginning to experience lower readiness in some operational units and caution indicators are surfacing. The question then becomes, do these indicators portend a degradation of future readiness? And if so, what should we do today about it?

One indicator is Mission Capable (MC) rates. Simply stated, an MC rate for a particular weapon system is the percentage at any given point in time the weapon system is ready to perform its mission. While current MC rates meet operational requirements, we have seen a gradual decline in our unit MC rates of nearly 7 percentage points since 1991, with fighter aircraft MC rates dropping almost eight points. High OPTEMPO, aging weapon systems, parts shortages, and deteriorating technical orders have all contributed to the MC rate decline. The charts at Figures 1 and 2 graphically illustrate these points.

Figure 1. Aging Aircraft Fleet

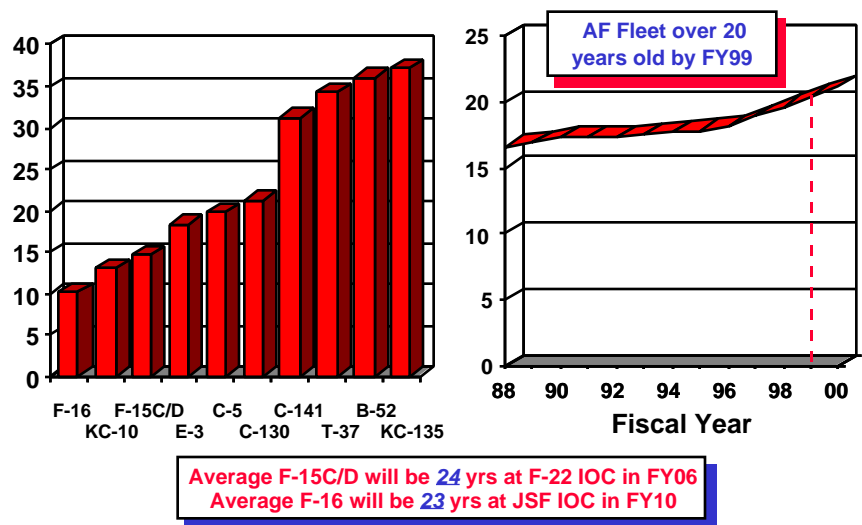
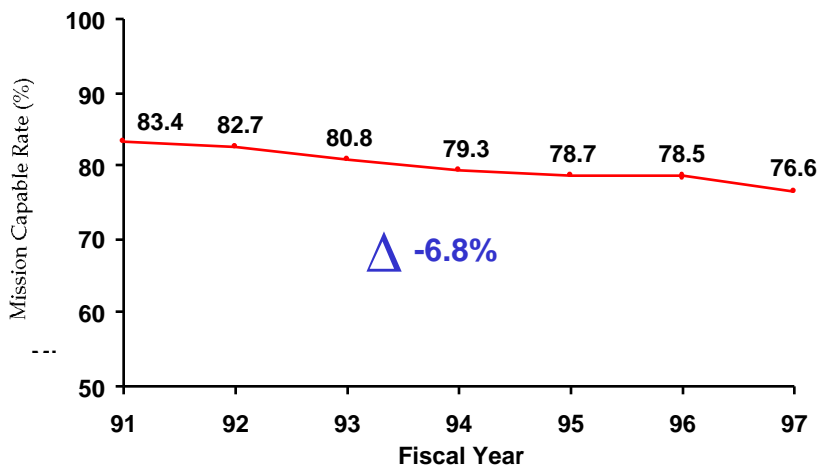


Figure 2. Weapon System Readiness



Another key to maintaining readiness is the ability of the Air Force to attract and retain quality personnel. While overall retention is good; there are some areas we are watching closely. The charts at Figures 3 and 4 illustrate this point. We are concerned pilot retention rates have declined in each of the past three years by a total of 16 percent. Other indicators such as the number of pilots accepting Aviator Continuation Pay (ACP) are also showing increasing downward trends. This coupled with a strong economy and dramatic increases in airline pilot hirings are cause for concern. In addition to pilot retention, our reenlistment rates for those serving beyond their second enlistment contract with eight to ten years experience were six percentage points below our goal last year. We are experiencing even larger drops in several key warfighting career fields. This mid-level experience and leadership is vital to maintaining a capable Air Force.

Figure 3. AF Pilot Retention Concerns

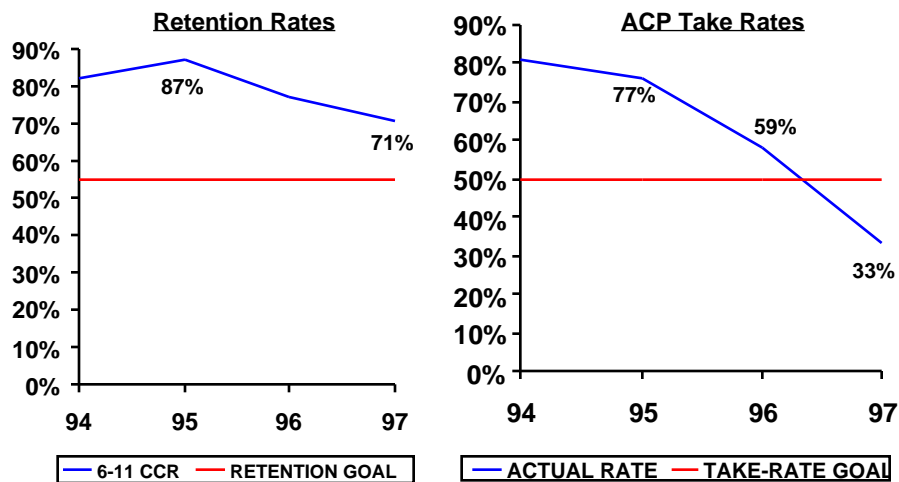
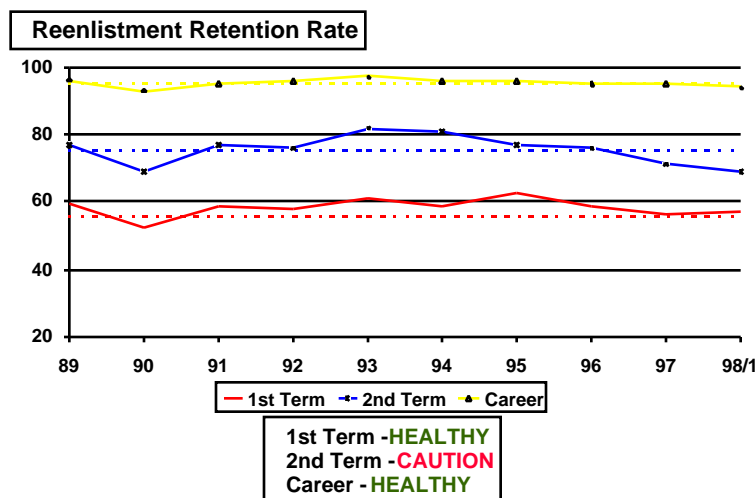


Figure 4. Enlisted Retention Trends



While these areas are cause for concern, the Air Force has begun numerous initiatives to reverse the trends. We have stabilized funding for spare parts and targeted funding in specific areas—engines and spares. This funding increase, coupled with improved business practices such as better depot spare parts management will contribute to sustainability improvements. In the area of retention, we have eased TEMPO by reducing typical aircrew deployments from 90 to 45 days where possible. We have also reduced the length of unit inspections as well as the number of exercise man-days. We have increased compensation by fully funding the pay raise and increased aviator continuation pay from \$12 to \$22 thousand per year. Hazardous duty pay has also been increased and the number of enlisted specialists eligible for reenlistment bonuses has grown by 28, double the amount since FY95. Our own enlisted career fields, 6F0X1 (Financial Management and Services) and 6F1X1 (Financial Analysis), were some of the skills that became eligible for the bonus. We believe these initiatives will generate improvements to readiness.

The Future of Readiness

Today's readiness is evolving. For over forty years, the focus of military readiness was the Cold War containment policy which meant maintaining a large standing force forward deployed and wielding the big stick of nuclear deterrence. This is the general premise we used to define readiness. In the last decade, world events have dictated we respond to a new spectrum of regional conflicts, contingency operations, and operations other than war. This changing security environment and the fiscal realities of post Cold War budgets has forced the military to become leaner, faster, and more efficient. The focus of this transition is apparent in the development of the Air Expeditionary Force concept and the employment of streamlined logistics and business practices. Even as we continue to evolve however, the variables to readiness remain constant.

Conclusion

Military readiness is a function of many variables; from recruiting and training quality people, to funding flying hours or space operations, and providing the best possible quality of life for our people. O&M is the only appropriation that has sufficient flexibility to meet these challenges during the year of execution. It is also the very reason the Comptroller is a critical player in providing the commander overall financial advice to help ensure maximum readiness from available resources.

Readiness is more art than science, and balancing limited funds between the competing building blocks is the critical difference between success and failure. In short, there are times when you should concentrate on your kicking game and not your passing game. The key is to recognize the importance of readiness, but it is more important to recognize the need for a balanced attack to achieving maximum possible readiness.



—The following individuals contributed to the writing of this article: Brig General Ev Odgers (SAF/FMBO), Lt Col Steve Peters (SAF/FMBP), Major Chip Fulghum (SAF/FMBOI), and Major Tom Lowry (SAF/FMBOI).

About the Author



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